

## Message Text

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INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 AID-05

COME-00 EB-07 FEA-01 TRSE-00 AF-06 ARA-06 EA-07

EUR-12 NEA-10 OMB-01 FRB-03 /115 R

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APPROVED BY IO:PDWYMAN

AID/PPC/PDA:KJAY

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C O N F I D E N T I A L STATE 266010

E.O. 11652: GDS

TAGS: UNGA, EGEN, EAID

SUBJECT: 30TH UNGA: AGENDA ITEM 65 - MID-TERM REVIEW AND  
APPRAISAL - COMMENTS ON DRAFT RESOLUTION

REFS: A) USUN 5720

B) USUN 5541

C) STATE 257685

1. FOLLOWING THE SUGGESTION OF USUN IN PARA 6 OF REF B,  
WE ARE FORWARDING COMMENTS ON THE DRAFT RESOLUTION IN  
SEPARATE SECTIONS AS AVAILABLE. COMMENTS ARE BASED ON  
EARLIER DRAFT. WE AGREE WITH USUN IN PARA 2 REF A, CONTRARY  
TO STATEMENTS BY LDCS, FINAL VERSION EXPANDED WITHOUT RE-  
MOVING ANY OF ITS DIFFICULTIES; IF ANYTHING, IT IS EVEN  
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MORE CONTENTIOUS. OUR GENERAL COMMENTS FOLLOW:

2. OUR BASIC PROBLEM WITH THE DRAFT RESOLUTION, AND ONE WHICH WE FEEL THE U.S. DELEGATION SHOULD STRESS, RELATES TO ITS TOTAL DISREGARD FOR THE REAL DEVELOPMENTS WHICH HAVE OCCURRED IN THE DEVELOPING COUNTRIES BETWEEN 1971 AND 1974. IN PREPARATION FOR THE MID-TERM REVIEW AND APPRAISAL OF DEVELOPMENT DECADE II THE UN SECRETARIAT, ECONOMIC AND SOCIAL AFFAIRS DEPARTMENT, PRODUCED A LARGE QUANTITY OF DATA AND ANALYSIS WHICH WAS SUPPLEMENTED BY REPORTS FROM OTHER APPROPRIATE PARTS OF THE UN SYSTEM, INCLUDING UNCTAD AND FAO. AS A WHOLE, THIS DOCUMENTATION PRESENTS AN OBJECTIVE AND YET STRIKING PICTURE OF WHAT HAS HAPPENED IN THE DEVELOPING COUNTRIES.

3. THE DRAFT RESOLUTION DISMISSES PRACTICALLY ALL THIS EVIDENCE AND, DRAWING UPON SELECTED FACTS, ASSERTS THAT THE INABILITY OF THE DEVELOPING COUNTRIES TO MEET THE TARGETS IN THE INTERNATIONAL DEVELOPMENT STRATEGY (IDS) WAS CAUSED BY THE FAILURE OF THE DEVELOPED COUNTRIES TO TRANSFER ADEQUATE RESOURCES AND MAKE OTHER NECESSARY POLICY CHANGES. THE RESOLUTION MAINTAINS THAT THOSE BENEFITS WHICH DID ACCRUE TO THE DEVELOPING COUNTRIES DURING THE FOUR-YEAR PERIOD WERE A SECONDARY RESULT OF ECONOMIC GROWTH IN THE DEVELOPED COUNTRIES, RATHER THAN A RESULT OF CONSCIOUS POLICIES TO HELP THE DEVELOPING COUNTRIES. (WE NOTED IN FINAL VERSION EVEN THIS GRUDGING CREDIT IS WITHDRAWN AND CREDIT GIVEN "WAS DUE MAINLY TO THE DEVELOPING COUNTRIES' OWN EFFORTS.")

4. THE REAL PICTURE, ALTHOUGH NOT ENCOURAGING, IS A FAR MORE COMPLICATED ONE. DESPITE THE SLOWDOWN IN 1974, THE AVERAGE 1971-74 RATE OF GROWTH IN THE DEVELOPING COUNTRIES WAS AT VIRTUALLY THE 6 PERCENT TARGET LEVEL IN THE IDS FOR THE DECADE OF THE 1970S. BY WAY OF CONTRAST, THE AVERAGE RATE OF GROWTH OF THE DEVELOPED MARKET ECONOMIES SINCE 1970 AVERAGED SLIGHTLY UNDER 4 PERCENT A YEAR.

5. ECONOMIC GROWTH IN THE DEVELOPING COUNTRIES WAS, HOWEVER, VERY UNEVEN - BOTH BETWEEN COUNTRIES AND AMONG ECONOMIC SECTORS WITHIN THE DEVELOPING COUNTRIES. WHILE ONE-THIRD OF THE DEVELOPING COUNTRIES - ACCOUNTING FOR A SIMILAR PROPORTION OF THE COMBINED POPULATION - INCREASED THEIR PRODUCTION AT MORE THAN 6 PERCENT A YEAR, TWO-THIRDS HAD BELOW-TARGET GROWTH RATES. AGRICULTURAL PRODUCTION IN THE DEVELOPING COUNTRIES FELL FAR SHORT OF THE 4 PERCENT IDS TARGET FOR AGRICULTURAL GROWTH. AT AN AVERAGE 1.5 PERCENT A YEAR GROWTH, AGRICULTURAL PRODUCTION FAILED

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TO KEEP PACE WITH POPULATION GROWTH.

6. LARGELY AS A RESULT OF THE AGRICULTURAL FAILURES, INCOME DISTRIBUTION HAS DETERIORATED IN MANY COUNTRIES. NOR HAS THERE BEEN ANY ALLEVIATION OF THE EMPLOYMENT SITUATION. THE COMBINATION OF INADEQUATE FOOD PRODUCTION AND NEGATIVE EMPLOYMENT OPPORTUNITIES HAS RESULTED, ESPECIALLY IN SOUTH ASIA, NOT MERELY IN A WORSENING OF INCOME DISTRIBUTION, BUT IN A VERY LARGE INCREASE IN THE NUMBER OF PEOPLE LIVING BELOW THE POVERTY LINE. THE DISPARITIES OF INCOME LEVELS BETWEEN DEVELOPING COUNTRIES HAVE BEEN WIDENING FOR SOME TIME, BUT THE IMPACT OF OIL PRICE INCREASES HAS UNDOUBTEDLY INCREASED THIS DIFFERENTIAL BETWEEN OIL PRODUCERS AND IMPORTERS.

7. THE DEGREE TO WHICH THESE SOBERING DEVELOPMENTS WERE CAUSED BY EXTERNAL EVENTS IS IMPOSSIBLE TO CALCULATE, AS IS THE RELATIVE WEIGHT OF VARIOUS EXTERNAL FACTORS. HOWEVER, THERE IS NO QUESTION BUT THAT THE DEVASTATING BALANCE OF PAYMENTS PROBLEMS OF DEVELOPING COUNTRIES, AND RELATED CUTBACKS IN DEVELOPMENT IMPORTS CAUSED BY THE OIL PRICE INCREASE MADE OBSOLETE MANY DEVELOPMENT PLANS. THIS FACT IS NOT MENTIONED IN THE DRAFT RESOLUTION.

8. WHETHER OR NOT THE BOOM IN COMMODITY PRICES RESULTING FROM DEVELOPED COUNTRY GROWTH WAS A SECONDARY EFFECT, IT DID HELP A NUMBER OF DEVELOPING COUNTRY RAW MATERIAL EXPORTERS AND SERVES TO UNDERLINE THE DEGREE TO WHICH DEVELOPING COUNTRIES DEPEND UPON THE HEALTH OF THE INDUSTRIALIZED COUNTRIES FOR ECONOMIC DEVELOPMENT. THUS, A CASE CAN BE MADE THAT IT IS IN THE INTEREST OF THE LDCS FOR THE DCS TO GIVE PRIORITY ATTENTION TO THEIR OWN ECONOMIC PROBLEMS OF INFLATION AND SLOWED GROWTH.

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9. ALL THE SECRETARIAT DOCUMENTS SUPPORT THE STATEMENT IN THE REPORT OF THE ECOSOC COMMITTEE FOR DEVELOPMENT PLANNING TO THE EFFECT THAT "THE MORE IMPORTANT ISSUES FOR DEVELOPMENT IN MOST CASES REMAIN INTERNAL." AS THE COMMITTEE REPORT POINTS OUT, AND AS WE FEEL THE U.S. DELEGATION SHOULD EMPHASIZE, "THERE IS SOME DANGER THAT THE PUBLIC AND THE ELITE IN VARIOUS COUNTRIES MAY GET CAUGHT UP IN THE NOTION THAT A GREAT SURGE OF TRANSNATIONAL REDISTRIBUTIVE JUSTICE IN THE WORLD IS ABOUT TO LESSEN THE NEED FOR INTERNAL REFORM. THIS IS SURELY NOT THE CASE."

10. THE IMPORTANCE OF INTERNAL REFORM, PARTICULARLY IN THE AGRICULTURAL SECTOR, IS FURTHER STRESSED IN THE ECOSOC REVIEW AND APPRAISAL DOCUMENT ON LAND REFORM PRE-

PARED BY THE FAO AND THE ILO. IT CONCLUDES THAT "DESPITE  
THE ENACTMENT OF NUMEROUS LEGISLATIVE MEASURES TO REFORM  
LAND TENURE SYSTEMS, ACCOMPLISHMENTS HAVE BEEN MINIMAL AND  
SOCIAL, ECONOMIC AND POLITICAL FORCES HAVE KEPT A LARGE  
PROPORTION OF RURAL PEOPLE OUTSIDE THE MAINSTREAM OF  
DEVELOPMENT." KISSINGER

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